

Issue Summary: Solar and HVAC Rebates

Problem Statement:

Floridians have made financial commitments for the installation of qualified HVAC systems based on an understanding they would receive a rebate. The rebate program created upon which this understanding was based had neither appropriation nor lawful authority. Additionally, a solar rebate program last funded in FY 2009-10 has accumulated a backlog of over 13,000 unreimbursed rebate applications at an estimated value of \$52 million. This backlog of applications is attributable to the popularity of the program, coupled with a significantly delayed notification that the funds had been depleted.

Background:

Solar Rebate Program: The Legislature created the Solar Energy Systems Incentives Program (Solar Rebate Program) in 2006 to encourage homeowners and businesses to purchase and install solar energy systems. The program provided for rebates for specified products with differentiated limitations for businesses and individuals.

During the first four years of the Solar Rebate Program's existence, the Legislature appropriated over \$25 million to fund rebates. Due to the popularity of the program, and a failure by the FECC to timely and effectively notify potential homeowners and businesses that funds had been depleted, a backlog exceeding 13,000 rebate applications, estimated at \$52 million, has developed leaving many individuals and businesses that made large financial commitments hanging.

HVAC Rebate Program: On August 20, 2010, absent any Legislative authority, the Governor announced a program developed and approved by the Florida Energy and Climate Commission (FECC) known as the Florida Energy Star Residential HVAC Rebate Program (HVAC Rebate Program) to commence on August 30, 2010, and run through December 31, 2010. The program was intended to provide \$1,500 in rebates for installations of qualifying HVAC systems on homes meeting certain duct leakage standards.

On August 31, 2010 (after the program had been announced and commenced), the FECC sought the authority to fund the program through a request made to the Legislative Budget Commission (LBC) in a manner not permissible by law. Consequently the LBC took no action regarding the request. The FECC removed the rebate application from its web page on September 14, 2010, and announced the rebates were pending future legislative actions.

Proposed Solution:

The proposed solution attempts to provide an equitable solution to both the HVAC and Solar Rebate Programs within available resources. Most individuals who may have been misled into making a significant financial commitment to purchase an HVAC system based upon a premature promise will be made whole. In addition, individuals and businesses that also made a significant financial commitment in purchasing a solar energy system only to find out later that funds were not, or would not be available, are provided a meaningful portion of the original rebate amount.

HVAC Rebate Program: \$31.4 million in federal stimulus funds are available for appropriation for programs such as the solar rebate program and the HVAC program described above.

The solution appropriates \$2,467,244 specifically for the HVAC Rebate Program to pay rebate applications submitted by November 30, 2010, for systems purchased or contracted for on or between August 30, 2010, and September 14, 2010. If the total value of HVAC rebates exceeds this amount, the remaining appropriation may be tapped. The intent of the Legislature is to provide the promised \$1,500 rebate to individuals who may have relied on the FECC's premature announcement and implementation of the HVAC Rebate Program. The requirements to be eligible for a rebate essentially mirror those as initially approved and announced by the FECC. The \$2,467,244 is restricted by federal grant requirements and cannot be used for any other purpose.

Solar Rebate Program: The solution provides that the remaining \$28,902,623 appropriation, less any amount needed to pay excess HVAC rebates, be used to pay a percentage of each solar rebate application in the backlog. The percentage to be paid will be determined by dividing the remaining appropriation by the dollar value of approved rebate applications in the backlog. Depending on the ultimate number and value of rebates paid, it is estimated that over 50 percent of the value of each solar rebate will be paid.